

MARYLAND HEALTH CARE COMMISSION

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MEMORANDUM

TO: Commissioners

FROM: Kevin R. McDonald
Chief, Certificate of Need

DATE: April 17, 2014

SUBJECT: Prince George's Post Acute, LLC
Docket No. 13-16-2347

Enclosed is the staff report and recommendation for a Certificate of Need ("CON") application filed by Prince George's Post Acute, LLC ("PGPA"), for the construction of a new, two-story 150 bed comprehensive care facility located on Lots 4 and 9, Brightseat Road in Landover, Prince George's County.

The total cost of constructing the two-story nursing home is estimated at \$19,070,505, with \$14,387,419 for the construction of the nursing home, \$3,117,983 for other capital costs, \$508,780 for inflation allowance, \$492,492 for capitalized interest expense, and \$563,830 for financial and other cash requirements. PGPA will finance this project with \$1,970,505 in cash contributions from the owners, with the remaining \$17.1 million financed through a mortgage loan from a commercial institution.

Commission staff analyzed the proposed project's compliance with the applicable State Health Plan criteria and standards at COMAR 10.24.01.08G(3) and the other applicable CON review criteria at COMAR 10.24.08 and recommends that the project be APPROVED with the following two conditions:

1. *At the time of first use review, Prince George's Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).*

2. *Prior to first use review, FutureCare Health and Management Corporation shall provide the Commission with information demonstrating that PGPA has established collaborative relationships with other types of long term care providers in Prince George's County to assure that each resident has access to the entire long term care continuum, including, as appropriate, formal transfer and referral agreements.*

IN THE MATTER OF

**PRINCE GEORGE'S
POST ACUTE, LLC**

DOCKET NO. 13-16-2347

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BEFORE THE

MARYLAND HEALTH

CARE COMMISSION

Staff Report and Recommendation

April 17, 2014

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STAFF REPORT AND RECOMMENDATION

I. INTRODUCTION

The Applicant and the Project

Prince George's Post Acute, LLC ("PGPA") seeks to construct a new two-story, 150-bed comprehensive care facility ("CCF") that will be located on Lots 4 and 9, Brightseat Road in Landover, Prince George's County. The total estimated cost of constructing this nursing home is \$19,070,505.

While PGPA will own and operate the new facility, Prince George's Post Acute Real Estate, LLC ("PGPA Real Estate") will own the property and lease the building to PGPA. A third entity, FutureCare Health and Management Corporation ("FutureCare"), will manage the nursing home operations. The ownership interests in PGPA, PGPA Real Estate, and FutureCare are similar and interrelated. While Leonard J. Attman and Gary L. Attman, as well as a number of family limited liability companies controlled by Leonard J. Attman and Gary L. Attman, have ownership interests in PGPA and FutureCare, Mr. Alvin M. Powers only has ownership interest in FutureCare. Please see **Appendix 2** for a breakdown on the ownership interests for PGPA, PGPA Real Estate, and FutureCare, as well as an organizational chart for FutureCare.

Currently, FutureCare manages a total of twelve (12) nursing homes with around 1,900 CCF beds that are primarily located in the Baltimore-Washington Metropolitan area. The 12 facilities are:

- FutureCare Canton Harbor – Baltimore City
- FutureCare Charles Village – Baltimore City
- FutureCare Cherrywood – Baltimore County
- FutureCare Chesapeake – Anne Arundel County
- FutureCare Cold Spring – Baltimore City
- FutureCare Homewood – Baltimore City
- FutureCare Irvington – Baltimore City
- FutureCare Lochearn – Baltimore City
- Futurecare Northpoint Baltimore County
- FutureCare Old Court – Baltimore County
- FutureCare Pineview – Prince George's County
- FutureCare Sandtown – Baltimore City

PGPA proposes to establish a two-story facility. The first floor layout includes a 53 bed long-term care nursing unit with 19 private and 17 double occupancy rooms. The second floor layout will have two nursing units, with one unit offering skilled nursing and rehabilitative care operating with 44 private occupancy beds, and the other a long-term care nursing unit with a total of 53 beds, which includes 17 private and 18 double occupancy rooms. Please see **Appendix 3** for the physical layout of the proposed facility.

The proposed nursing home will offer the following services: rehabilitation services including physical and occupational therapists, post-operative care, infusion therapy, tube feedings, wound care, dialysis, pain management, diabetic management, dementia care, palliative care, ventilator care, and a specialized gero-psychiatric program. The facility will offer a specialty program to treat patients with a history of narcotic usage, and who are evaluated not to be threats to the safety of other residents or themselves. In addition, FutureCare will offer a program entitled LYFE Today, which will offer an individualized program that is based on an individual's previous lifestyle, preferences, and current level of ability. This program will help and encourage patients to realize their full potential through self expression, enrichment, lifestyle programming, and functional/mobility programming.

The proposed site for this project changed during the course of this project review. The original application proposed construction of the 150-bed CCF at 9800 Apollo Drive in Upper Marlboro, Prince George's County, at a total estimated project cost of \$17,160,552. Working with Prince George's County's Office of Economic Development and Public Infrastructure, the applicant, was able to locate a larger site at a lower price per acre than the site that had been originally chosen. The distance between the two sites is approximately 0.9 miles. With some changes to the design of the building to take into account the terrain in the Brightseat location, the programs and services proposed to be offered at PGPA are the same as those described in the original CON application.

The total estimated project cost is \$19,070,505, consisting of \$14,387,419 for construction, \$3,117,983 for other capital costs, \$508,780 for inflation allowance, \$492,492 for capitalized interest expense, and \$563,830 for financial and other cash requirements. PGPA expects to finance this project with \$1,970,505 in cash contributions from the owners, with the remaining \$17.1million financed through a mortgage loan from a commercial lending institution.

Staff Recommendation

There are eighteen nursing homes, two continuing care retirement communities, and a hospital-based 24-bed subacute unit currently operating in Prince George's County. Historically, these facilities have had a high utilization rate, operating at a cumulative occupancy rate above 90% from FY 2008 through FY 2012. Demographic trends also support the need for the project. Between 2010 and 2020, the county's population overall is expected to grow by a relatively modest 5%, but the overall elderly population – the 65 – 74, 75 – 84, and 85 years and over cohorts – is projected to grow by at least 44%.

The proposal to add 150 beds in Prince George's County is well within the MHCC's 2016 Projected Bed Need for Nursing Home Beds. That projected need is for 357 beds, and with the approval of this proposed facility, would leave a balance of 207 CCF beds still needed in this jurisdiction.

Thus, high utilization of the County's nursing home beds; population growth and aging trends; and documented need in the state health plan all support the establishment of a new nursing home with 150 CCF beds in Prince George's County.

Staff finds the proposed project to be in compliance with the applicable criteria and standards in COMAR 10.24.01.08, State Health Plan: Long Term Care Service, as well as the criteria at COMAR 10.24.01.08G(3) and recommends **APPROVAL** with the following two conditions:

1. *At the time of first use review, Prince George's Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).*
2. *Prior to first use review, FutureCare Health and Management Corporation shall provide the Commission with information demonstrating that PGPA has established collaborative relationships with other types of long term care providers in Prince George's County to assure that each resident has access to the entire long term care continuum, including, as appropriate, formal transfer and referral agreements.*

PROCEDURAL HISTORY

Review of the Record

Please see Appendix 1, Record of the Review.

Local Government Review and Comment

No comments on this project have been received from either the Prince George's County Department of Health or other local government entities.

The applicant submitted a number of letters in support of the Prince George's Post Acute project during the course of this review. These include letters from the following persons:

1. John A. O'Brien, President, Dimensions Healthcare System
2. Dean Forman, Executive Director, Seasons Hospice & Palliative Care
3. Louis Rubin, President, Radiation Physics, Inc.

These letters of support are from health care organizations or providers that serve the residents of Prince George's County. Each provider has an ongoing relationship with FutureCare Health and Management Corp. The letters praise the level of care and service currently provided by FutureCare at its existing facilities; each supports the applicant's efforts to establish a 150 bed CCF in Prince George's County.

Interested Parties

There are no interested parties in this review.

IV. PROJECT CONSISTENCY WITH REVIEW CRITERIA AND STANDARDS

A. STATE HEALTH PLAN

COMAR 10.24.01.08G(3)(a) State Health Plan. An application for a Certificate of Need shall be evaluated according to all relevant State Health Plan standards, policies, and criteria.

The applicable section of the State Health Plan for this review is COMAR 10.24.08, the State Health Plan for Facilities and Services: Nursing Home and Home Health Agency Services. The specific standards to be addressed include COMAR 10.24.08.05A and .05B, the General Standards for review of all nursing home projects and the Nursing Home Standards for New Construction or Expansion of Beds or Services.

COMAR 10.24.08

.05 Nursing Home Standards.

A. General Standards. The Commission will use the following standards for review of all nursing home projects.

- (1) **Bed Need.** The bed need in effect when the Commission receives a letter of intent for the application will be the need projection applicable to the review.

The letter of intent for this project was received on August 2, 2013. The bed need in effect at that time and still in effect is the jurisdictional gross and net bed need projections for nursing home beds in Maryland published in April 2013 of the *Maryland Register*. That document projected a need for 357 additional CCF beds in Prince George's County by 2016. With approval of this CON application, there will remain a need of 207 beds in this jurisdiction.

Prince George's County CCF Bed Need				
Total Bed Inventory	Gross Bed Need Projection	Unadjusted Net Bed Need	Community-based Services Adjustment	2016 Net Bed Need
2,841	3,402	561	204	357

Source: Supplement 2: Projected Need for Nursing Home Beds (2016)

The proposed establishment of a 150-bed CCF is consistent with the bed need that is in effect for Prince George's County.

- (2) **Medical Assistance Participation.**

- (a) Except for short-stay hospital-based skilled nursing facilities required to meet .06B of this Chapter, the Commission may approve a Certificate of Need for a nursing home only for an applicant that participates, or proposes to participate, in the Medical Assistance Program, and only if the applicant documents a written Memorandum of Understanding with Medicaid to maintain the proportion of Medicaid patient days required by .05A 2(b) of this Chapter.
- (b) Each applicant shall agree to serve a proportion of Medicaid patient days that is at least equal to the proportion of Medicaid patient days in all other nursing homes in the jurisdiction or region, whichever is lower, calculated as the weighted mean minus 15.5%, based on the most recent Maryland Long Term Care survey data and Medicaid Cost Reports available to the Commission, as shown in the *Supplement to COMAR 10.24.08: Statistical Data Tables*, or in subsequent updates published in the *Maryland Register*.
- (c) An applicant shall agree to continue to admit Medicaid residents to maintain its required level of participation when attained, and have a written policy to this effect.
- (d) Prior to licensure, an applicant shall execute a written Memorandum of Understanding with the Medicaid Assistance Program of the Department of Health and Mental Hygiene to:

- (i) **Achieve or maintain the level of participation required by .05A2(b) of this Chapter; and**
- (ii) **Admit residents whose primary source of payment on admission is Medicaid.**
- (iii) **An applicant may show evidence why this rule should not apply.**

The applicant states that “PGPA will participate in the Medical Assistance Program. Prior to licensure, PGPA will execute a written Memorandum of Understanding with the Medical Assistance Program of the Department of Health and Mental Hygiene to (i) achieve or maintain the level of participation required by .05A 2(b) of this Chapter; and (ii) admit residents whose primary source of payment on admission is Medicaid. (DI #3, p. 24).” For FY 2012, MHCC calculated the Medicaid participation rate was 42.70% for the jurisdiction of Prince George’s County and 44.44% for the Southern Maryland region (which includes Calvert, Charles, and St. Mary’s Counties).

While the applicant states it will comply with this standard, staff recommends that approval of this application be conditioned on documentation that PGPA meet the following condition when the project is complete and first use approval is requested:

At the time of first use review, Prince George’s Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).

- (3) **Community-Based Services. An applicant shall demonstrate commitment to providing community-based services and to minimizing the length of stay as appropriate for each resident by:**
 - (a) **Providing information to every prospective resident about the existence of alternative community-based services, including, but not limited to, Medicaid home and community-based waiver programs and other initiatives to promote care in the most appropriate settings.**

Prince George’s Post Acute states that all prospective residents will receive information and materials regarding the availability of alternative community-based services in Prince George’s County. Examples of materials that PGPA may offer include information regarding Medicaid home and community-based waiver programs, home health care, medical day care, assisted living, and other initiatives that promote care in the most appropriate settings.

- (b) **Initiating discharge planning on admission; and**

PGPA will initiate discharge planning to residents upon admission as part of the Resident Care Plan.

- (c) **Permitting access to the facility for all “Olmstead” efforts approved by the Department of Health and Mental Hygiene and the Department of Disabilities to provide education and outreach for residents and their families regarding home and community-based alternatives.**

PGPA stated that it will permit access to the facility for all Olmstead efforts approved by the Department of Health and Mental Hygiene to provide education and outreach to all residents and their families concerning home-based and other community-based alternatives.

The applicant complies with this standard.

- (4) **Nonelderly Residents. An applicant shall address the needs of its nonelderly (<65 year old) residents by:**

- (a) **Training in the psychosocial problems facing nonelderly disabled residents; and**

The applicant states that one of the facility’s policies will be to place non-elderly residents near each other to the extent feasible. PGPA will provide in-service education for staff and utilize local hospitals and social service agencies on a consulting basis to develop the in-service programs relating to non-elderly residents. In addition, PGPA’s social worker will maintain contact with appropriate government agencies relating to career and technical education to facilitate vocational rehabilitation services for non-elderly residents. Finally, the facility will also provide wireless Internet access to allow interconnectivity to community news and opportunities. (DI #3, p. 26).

- (b) **Initiating discharge planning immediately following admission with the goal of limiting each nonelderly resident’s stay to 90 days or less, whenever feasible, and voluntary transfer to a more appropriate setting.**

The applicant will initiate discharge planning immediately following each resident’s admission, documenting the discharge potential for each resident in their care plan. The facility will also develop specialized programs for social activities for the non-elderly as part of the individual’s overall activity and recreational program. (DI #3, p. 26)

Based on this response, the applicant complies with this standard.

- (5) **Appropriate Living Environment. An applicant shall provide to each resident an appropriate living environment, including, but not limited to:**

- (a) **In a new construction project:**

- (i) **Develop rooms with no more than two beds for each patient room;**

- (ii) Provide individual temperature controls for each patient room; and
- (iii) Assure that no more than two residents share a toilet.

As illustrated in Table 1 below, approximately 70% of the rooms will be private occupancy, with the remaining 30% of the rooms designated for double occupancy.

Table 1: PGPA Bed Configuration

Nursing Unit	Semi Private Rooms	Private Rooms	Total # Beds
1 st Floor – Unit 1	17	19	53
2 nd Floor – Unit 2	0	44	44
2 nd Floor – Unit 3	18	17	53
Total	35	80	150

Source: DI #20, Exhibit 2.

Each patient room will have individual temperature controls. No more than two residents will share a toilet in a patient room.

- (b) In a renovation project:
 - (i) Reduce the number of patient rooms with more than two residents per room;
 - (ii) Provide individual temperature controls in renovated rooms; and
 - (iii) Reduce the number of patient rooms where more than two residents share a toilet.
- (c) An applicant may show evidence as to why this standard should not be applied to the applicant.

As designed, PGPA will comply with this standard for appropriate living environment.

- (6) **Public Water.** Unless otherwise approved by the Commission and the Office of Health Care Quality in accordance with COMAR 10.07.02.26, an applicant for a nursing home shall demonstrate that its facility is, or will be, served by a public water system.

The Washington Suburban Sanitary Commission (“WSSC”) currently provides water to the residents of Prince George’s County. The applicant states there are no restriction and that the WSSC will provide water to the proposed PGPA. This standard is met.

- (7) **Facility and Unit Design.** An applicant must identify the special care needs of the resident population it serves or intends to serve and demonstrate that

its proposed facility and unit design features will best meet the needs of that population. This includes, but is not limited to:

- (a) Identification of the types of residents it proposes to serve and their diagnostic groups;**
- (b) Citation from the long term care literature, if available, on what types of design features have been shown to best serve those types of residents;**
- (c) An applicant may show evidence as to how its proposed model, which is not otherwise documented in the literature, will best serve the needs of the proposed resident population.**

PGPA states that the design of the proposed facility is oriented to the treatment of residents requiring comprehensive care, with an emphasis on rehabilitation and dignity. A total of 80 of the 115 patient rooms (69.6%) will be single occupancy rooms, with the remaining patient rooms designated double occupancy. Please see Appendix 3 for PGPA's floor plan.

The proposed facility will utilize a WanderGuard monitoring system that will set off an alarm if a resident wanders or attempts to leave the building. The patient rooms will have oversized doors to accommodate bariatric residents. PGPA will use Energy Star equipment, which will also include energy-saving and water-saving systems. (DI #20, p. 27)

Patient safety design features include:

- nursing stations will be centrally located and enable staff to monitor and see the residents along the corridors of the area they control;
- due to the slope of the site, patients from both the first and second floor will have access to a centralized Courtyard without having to utilize an elevator to reach the outside space;
- larger rooms for bariatric patients;
- patient rooms will utilize standardized guidelines for such items as equipment and the location of gases;
- the facility will have a centralized scheduling system and a nurse call system on each floor;
- the facility will utilize automation where possible (i.e., centralized scheduling, visual and audio call system, and a platform for electronic medical records); and
- each floor will utilize materials that will help reduce the amount of noise and promote safe gait for the residents.

The Aruba Wireless network will also advance quality and safety through the Advanced Answers On Demand ("AAOD") electronic medical record system. The nursing staff will utilize the EMR's "point of care" module to record resident functional ability on a real time basis as the staff interacts with residents through the use of either wall mounted kiosks or hand held devices. Staff will administer medications using the electronic medicine administration module (eMAR)

and enter data for such items as care plans, inter-disciplinary notes, nursing assessments, and physician orders using this software. (DI #9, question #12, p. 10-11).

Finally, PGPA will have an active safety committee to ensure the facility's work safety program is implemented and followed appropriately through assessment, evaluation, and education. This committee will conduct a Failure Mode Effects Analysis ("FMEA") that will provide oversight activities to ensure the health and safety of residents, visitors and employees as well as provide services that could prevent or diminish a significant hazard to the health and safety of the residents, staff, or visitors.

The applicant has addressed this standard.

- (8) Disclosure. An applicant shall disclose whether any of its principals have ever pled guilty to, or been convicted of, a criminal offense in any way connected with the ownership, development, or management of a health care facility.**

The applicant states that neither PGPA nor FutureCare's principals have ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development, or management of a health care facility. The applicant has complied with this standard.

- (9) Collaborative Relationships. An applicant shall demonstrate that it has established collaborative relationships with other types of long term care providers to assure that each resident has access to the entire long term care continuum.**

The applicant currently operates one CCF facility in Prince George's County; FutureCare – Pineview, an existing 199 bed CCF facility operating in Clinton. FutureCare – Pineview has collaborated in the past with Dimensions Health Care and Prince George's Hospital Center. FutureCare will contact other existing health care providers in Prince George's County and with the Local Area Office on Aging on establishing collaborative relationships between these providers and PGPA.

While the applicant states that it will comply with this standard, MHCC staff recommends the following condition:

Prior to first use review, FutureCare shall provide the Commission with information demonstrating that PGPA has established collaborative relationships with other types of long term care providers in Prince George's County to assure that each resident has access to the entire long term care continuum, including, as appropriate, formal transfer and referral agreements.

- B. New Construction or Expansion of Beds or Services. The Commission will review proposals involving new construction or expansion of comprehensive care facility beds, including replacement of an existing facility or existing beds, if new outside walls are proposed, using the following standards in addition to .05A(1)-(9):**

(1) **Bed Need.**

- (a) An applicant for a facility involving new construction or expansion of beds or services, using beds currently in the Commission's inventory, must address in detail the need for the beds to be developed in the proposed project by submitting data including, but not limited to: demographic changes in the target population; utilization trends for the past five years; and demonstrated unmet needs of the target population.

Prince George's County Population Growth Patterns and Age Composition

Table 2 shows the projected population statistics for Prince George's County and the State of Maryland. Overall, Prince George's County is projected to grow by 5.1% to 967,848 people by the year 2020; the 65 years and over population is projected to grow at a significantly higher rate (over 44%). The segment of the population 65 – 74 years old shows the largest growth – almost 51.95%, with the 75 – 84 and the 85 + cohort growing at around 44% each by the year 2020. Growth in the elderly population 65 years and over is significantly higher for Prince George's County than for the state as a whole.

**Table 2: Trends in Population by Age Group
Prince George's County and State of Maryland, CY 2010 - 2040**

Prince George's Co.	2010	2020	2030	2040	2010-2020	2020-2030	2030-2040
	Population by Age Cohort				Projected Increase(Decrease)		
0-64	781,907	786,102	783,306	794,265	0.5%	-0.4%	1.4%
65-74	50,100	76,101	91,411	83,792	51.9%	20.1%	-8.3%
75-84	23,125	33,364	52,036	63,067	44.3%	56.0%	21.2%
85+	8,288	11,929	17,795	26,724	43.9%	49.2%	50.2%
Total	863,420	907,496	944,548	967,848	5.1%	4.1%	2.5%
State of Maryland	2010	2020	2030	2040	2010-2020	2020-2030	2030-2040
0-64	5,065,910	5,235,577	5,310,875	5,458,561	3.3%	1.4%	2.8%
65-74	386,357	580,747	712,563	634,868	50.3%	22.7%	-10.9%
75-84	223,159	277,601	422,545	525,719	24.4%	52.2%	24.4%
85+	98,126	120,581	157,872	237,102	22.9%	30.9%	50.2%
Total	5,773,552	6,214,506	6,603,855	6,856,250	7.6%	6.3%	3.8%

Source: Prepared by Maryland Department of Planning
2013 Total Population Projections by Age, Sex and Race (1/28/14)

Utilization Trends of Comprehensive Care Facility Beds in Prince George's County

Utilization for the existing nursing homes in Prince George's County has been high between FY 2008 and FY 2012. Currently, MHCC records indicate there is a total of 2,841¹ CCF beds in the inventory operating in this jurisdiction as of April 2013.²

The MHCC Long Term Care Survey indicates there were 18 nursing homes operating as comprehensive care facilities with 2,578 CCF beds in Prince George's County for FY 2012. In addition, two facilities - Collington Episcopal Life Care Community and Riderwood Village - operate as continuing care retirement communities ("CCRCs"), which provide a continuum of care with independent living, assisted living, and skilled nursing care services (with a total of 161 CCF beds) in one location. In addition, MedStar Southern Maryland Hospital operated a 24 bed subacute unit. As shown in Table 3 below, the cumulative annual occupancy rate for the 18 comprehensive care facilities exceeded 90% from FY 2008 through FY 2012.

**Table 3: Prince George's County Nursing Home
Occupancy – FY 2008 – FY 2012**

Facility Name	Beds*	2008	2009	2010	2011	2012
		Occ %	Occ %	Occ %	Occ %	Occ%
Continuing Care Facilities						
Bradford Oaks Nursing And Rehabilitation Center	180	92.0%	93.7%	90.9%	92.2%	95.8%
Cherry Lane Nursing Center	155	92.0%	91.6%	93.5%	89.8%	94.1%
Clinton Nursing & Rehab	267	90.9%	91.0%	93.2%	96.0%	98.3%
Crescent Cities Center	140	89.3%	91.6%	91.4%	91.3%	93.2%
Forestville Health & Rehab. Ctr.	152	97.4%	95.6%	83.6%	88.8%	92.0%
Fort Washington Health & Rehab. Ctr.	150	95.9%	95.1%	87.6%	93.0%	89.5%
Futurecare-Pineview	178	94.0%	90.2%	90.4%	88.4%	94.8%
Gladys Spellman Specialty Hospital & Nursing Ctr.*	61*	84.3%	76.6%	88.9%	74.0%	***
Heartland Health Care Center Adelphi	170	89.6%	88.9%	82.9%	77.8%	72.1%

¹ The bed inventory reported includes all licensed CCF beds as well as temporarily delicensed, CON approved, and waiver beds, which will differ from the number of CCF beds reported in use in Table 3 as of "End of FY 2012."

² Supplement 2; Projected Need for Nursing Home Beds (2016), available at: http://mhcc.dhmdh.maryland.gov/shp/Documents/statehealthplan/comar102408/updated_nh_bed_need_posted_07_02_13.pdf

Heartland Health Care Center Hyattsville	160	87.9%	79.9%	75.9%	79.8%	82.6%
Hillhaven Assisted Living Nursing & Rehabilitation	66	95.6%	93.3%	93.9%	91.6%	97.7%
Larkin Chase Nursing And Rehabilitation Center	120	97.8%	96.5%	94.7%	95.1%	95.0%
Magnolia Center	104	91.8%	93.8%	93.8%	95.6%	91.5%
Manor Care Health Services Largo	130	90.7%	85.7%	86.1%	91.6%	91.0%
Patuxent River Health and Rehabilitation Center**	153	88.3%	80.0%	86.4%	89.0%	91.8%
Sacred Heart Home, Inc.	102	94.6%	96.9%	96.7%	96.9%	96.7%
St. Thomas More Nursing And Rehabilitation Center	250	98.2%	95.1%	97.2%	96.6%	94.8%
Villa Rosa Nursing Home	101	94.0%	90.0%	89.8%	93.3%	95.0%
CCFs only	2,578*	92.6%	90.6%	91.1%	93.2%	92.1%
CCRCs and Hospital-Based CCFs						
Collington Episcopal Life Care Community	44	81.3%	81.9%	88.3%	87.8%	93.0%
Riderwood Village	117	82.5%	77.5%	92.2%	92.4%	94.5%
MedStar Southern Maryland Hospital Center	24	72.4%	75.9%	79.3%	78.4%	80.4%
Prince George's County*	2,763*	91.8%	89.7%	91.0%	93.0%	92.1%
State Maryland*	28,039*	89.4%	89.2%	89.7%	88.9%	88.3%

* Bed count as of "End of FY 2012", does not include the 61 CCF beds reported for Gladys Spellman Specialty Hospital & Nursing Center in bed inventory

** Formerly Greater Laurel Health And Rehabilitation Center

***26 CCF beds purchased and transferred to Magnolia Center (Docket No. 11-16-2315), the remaining 35 CCF beds abandoned

Summary

Although overall population growth in Prince George's County between 2010 and 2020 is projected to be modest, growth in the 65-74, 75-84, and 85+ cohorts all exceed that for the state, with the growth rates of the two oldest cohorts being almost double the statewide rates. That demographic profile is likely to lead to increased utilization of CCF beds within the decade. Meanwhile, utilization of the eighteen nursing homes operating in Prince George's County has

been over 90% for the last five years, meaning there is not a lot of slack in the system. Thus, the demographic trends, the high utilization of nursing homes in Prince George's County, and the projected 357 bed need for this jurisdiction all support the need for this project.

Staff finds that the applicant is consistent with this standard.

- (b) For a relocation of existing comprehensive care facility beds, an applicant must demonstrate need for the beds at the new site, including, but not limited to: demonstrated unmet needs; utilization trends for the past five years; and how access to, and/or quality of, needed services will be improved.**

The project does not include a change in location; the standard is not applicable.

(2) Facility Occupancy.

- (a) The Commission may approve a nursing home for expansion only if all of its beds are licensed and available for use, and it has been operating at 90 percent or higher, average occupancy for the most recent consecutive 24 months.**
- (b) An applicant may show evidence why this rule should not apply.**

Since PGPA seeks to establish a new facility, and not an expansion, this standard is not applicable.

(3) Jurisdictional Occupancy.

- (a) The Commission may approve a CON application for a new nursing home only if the average jurisdictional occupancy for all nursing homes in that jurisdiction equals or exceeds a 90 percent occupancy level for at least the most recent 12 month period, as shown in the Medicaid Cost Reports for the latest fiscal year, or the latest Maryland Long Term Care Survey, if no Medicaid Cost Report is filed. Each December, the Commission will issue a report on nursing home occupancy.**
- (b) An applicant may show evidence why this rule should not apply.**

As shown in **Table 3: Prince George's County Nursing Home Occupancy, FY 2008 – FY 2012** above, jurisdictional occupancy has consistently exceeded 90% for the eighteen facilities operating as nursing homes only for FY 2012. The jurisdictional occupancy continues to exceed 90% with the inclusion of the two CCRCs and the 24 bed subacute unit at MedStar Southern Maryland Hospital. Therefore, the occupancy rate in Prince George's County for FY 2012 exceeds 90%, and the applicant is found to be consistent with this standard.

(4) Medical Assistance Program Participation.

- (a) An applicant for a new nursing home must agree in writing to serve a proportion of Medicaid residents consistent with .05A 2(b) of this Chapter.**
- (b) An applicant for new comprehensive care facility beds has three years during which to achieve the applicable proportions of Medicaid participation from the time the facility is licensed, and must show a good faith effort and reasonable progress toward achieving this goal in years one and two of its operation.**

The applicant states that PGPA will participate in the Medical Assistance Program. The facility agrees to execute a written MOU to achieve or maintain the level of participation required by .05A 2(b) of this Chapter and will admit residents whose primary source of payment on admission is Medicaid. (DI #3, p. 24). For FY 2012, the MHCC calculated the Medicaid participation rate at approximately 42.7% for Prince George's County and about 44.44% for the Southern Maryland region, which includes Calvert, Charles, Prince George's, and St. Mary's Counties.

- (c) An application for nursing home expansion must demonstrate either that it has a current Memorandum of Understanding (MOU) with the Medical Assistance Program or that it will sign an MOU as a condition of its Certificate of Need.**
- (d) An applicant for nursing home expansion or replacement of an existing facility must modify its MOU upon expansion or replacement of its facility to encompass all of the nursing home beds in the expanded facility, and to include a Medicaid percentage that reflects the most recent Medicaid participation rate.**
- (e) An applicant may show evidence as to why this standard should not be applied to the applicant.**

Paragraphs (4)(c) and (d) do not apply as this project does not propose to expand or replace an existing nursing home.

While the applicant states it will comply with this standard, staff recommends that approval of this application be conditioned on documentation that PGPA meet the following condition when the project is complete and first use approval is requested:

At the time of first use review, Prince George's Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).

- (5) **Quality. An applicant for expansion of an existing facility must demonstrate that it has no outstanding Level G or higher deficiencies, and that it maintains a demonstrated program of quality assurance.**

Since the applicant proposes to establish a new 150-bed CCF facility in Prince George's County (not "an expansion of an existing facility"), this standard does not apply. However it is useful to know the applicant's track record with other facilities.

FutureCare currently operates twelve (12) facilities primarily in the Anne Arundel, Baltimore City, Baltimore, and Prince George's County areas. As indicated on the Medicare.gov Nursing Home Compare website³, FutureCare provides overall an average or slightly above average level of quality of care at its existing facilities based on the CMS' 5-star quality rating system. The CMS website does not report that any of the twelve FutureCare facilities have an outstanding Level G or higher deficiency based on their latest standard health inspection, all done during calendar year 2013. Overall, FutureCare's twelve facilities averaged 3.25 stars on a 5-star scale, and averaged about 10.5 deficiencies (the state average was 11.5). **Appendix 5** summarizes the features in the Medicare Nursing Home Compare website and the use of the Five Star Quality Rating System, including a brief description on the strengths and limitations of using this system.

FutureCare identified a number of collaborative efforts and initiatives to corroborate the quality of care offered at its existing facilities. The applicant has worked collaboratively with area hospitals to cut down on unplanned discharges, which has helped to lower the readmission rates from the nursing home back to hospitals within the past twelve months. Each of the twelve FutureCare sites operates a Performance Improvement Committee, which monitors key indicators such as wound rates, use of anti-psychotic drugs, fall rates, etc., to develop comparatives that are evaluated against regional, state, and national averages. The applicant employs a highly specialized Education and Professional Staff Development Department which offers training to all FutureCare Sites to improve the staff skill level in rendering patient care.

Finally, FutureCare voluntarily participates in the Quality Assurance & Performance Improvement (QAPI) program offered by Providigm, a national quality improvement measurement program.⁴ Providigm's QAPI Accreditation program is based on standards for excellence in continuously improving the quality of care and life for nursing home residents. Eleven of the twelve FutureCare facilities have voluntarily participated and received full accreditation in the QAPI program, with the FutureCare – Chesapeake facility attaining provisional accreditation.⁵ The applicant states that "FutureCare Health and Management Corporation (has shown the) willingness not only to meet regulatory standards, but to hold itself accountable to the highest standards." (DI #9, question 14).

³ Available at: <http://www.medicare.gov/nursinghomecompare/search.html>

⁴ For further information on this company, available at: <http://www.providigm.com/>

⁵ Providigm has awarded full accreditation to nursing homes in 47 states and Washington, D.C.

The applicant complies with this standard.

- (6) **Location.** An applicant for the relocation of a facility shall quantitatively demonstrate how the new site will allow the applicant to better serve residents than its present location.

Since the applicant does not seek to relocate an existing facility to a new location, this standard is found not applicable.

OTHER CERTIFICATE OF NEED REVIEW CRITERIA

The project's compliance with the five remaining general review criteria in the Regulations governing Certificate of Need is outlined below:

B. NEED

COMAR 10.24.01.08G(3)(b) Need. The Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

The application complies with the Bed Need Projections in the State Health Plan. The 2016 Bed Need Projection for Nursing Home Beds indicates a need for 357 CCF beds in Prince George's County. PGPA has submitted a proposal seeking to establish a new nursing home with 150 CCF beds in Upper Marlboro. With the approval of this proposal, the need for CCF will decrease to 207 beds.

Current utilization in the jurisdiction is high. There are currently eighteen nursing homes, two continuing care retirement communities, and a hospital-based subacute unit offering comprehensive care beds in Prince George's County. A list of the twenty-plus facilities, as well as their historical utilization in the past five years, is provided in *Table 3: Prince George's County Nursing Home Occupancy – FY 2008 – FY 2012*. For the past five years, the CCF beds in the 18 nursing homes have had an occupancy rate in excess of 90%. With the inclusion of the two CCRC facilities and the 24 bed subacute unit, the occupancy levels decreased but still remained near or above 90% utilization. In FY 2012, the utilization for all twenty-plus facilities was at 92.1% occupancy.

Projections show an aging service area population. As previously mentioned in COMAR 10.24.08.05(B)(1), the number of people in the age group 65 years and over will increase significantly between 2010 and 2020 in this jurisdiction. The population age 65 years and over in Prince George's County will increase in this decade from 81,513 to 121,394 people, or by 48.9%. The people between 65 –74 year old will grow by about 23,000 (51.9%); the 75 -84 year group by 10,200 (44.3%), and the 85 and over group by over 3,600 (43.9%) by the year 2020.

To summarize, the growth in and aging of the population and the high utilization of existing nursing homes in this jurisdiction support the need for this project, which is also consistent with the need projections in MHCC bed need projections. The addition of 150 CCF beds will allow PGPA to provide comprehensive care services to residents who wish to remain in Prince George's County and who may otherwise experience difficulty finding an available bed due to the high nursing home utilization in recent years.

The applicant has demonstrated that there is need for the proposed project in Prince George's County.

C. AVAILABILITY OF MORE COST-EFFECTIVE ALTERNATIVES

COMAR 10.24.01.08G(3)(c) Availability of More Cost-Effective Alternatives. The Commission shall compare the cost effectiveness of the proposed project with the cost effectiveness of providing the service through alternative existing facilities, or through an alternative facility that has submitted a competitive application as part of a comparative review.

Despite the fact that the 2016 Projected Need for Nursing Home Beds in Prince George's County is 357 CCF beds, no other prospective applicant submitted a letter of intent for a new nursing home in the jurisdiction or for expansion of an existing nursing home. Thus there is no competitive application to which Commission staff could compare the cost effectiveness of PGPA's proposal.

With respect to the alternative of providing the needed nursing home services through existing facilities, their relatively high occupancy does not provide the excess capacity to meet the projected need without expansion of their bed capacity and none have submitted an application.

As described earlier, this application was actually amended to substitute a new site for the one originally proposed. The initial application proposed to construct a two-story, 150-bed CCF facility on 9800 Apollo Drive in Upper Marlboro, Prince George's County (DI #3, CON application). The total cost of constructing this nursing home was projected to be \$17,160,522. On March 24, 2014, the applicant submitted a modification to the original application (DI #20) proposing to locate the facility approximately 0.9 miles west of the original site to Lots 4 and 9 on Brightseat Road in Landover, Prince George's County. The applicant claims to have worked closely with Prince George's County government and the Office of Economic Development and Public Infrastructure in selecting the Landover site,

This change raises the total projected cost of the project to \$19,070,505, a difference of \$1,970,505 (11.1%). The change in location would increase the applicant's cash contribution by around 15% to \$1,970,505, while the mortgage loan would increase by a little over 10% to \$17.1 million. The relocation requires some redesign to the building to take advantage of the location and terrain at Landover, but the facility's bed size as well as programs and services would remain unchanged.

When asked to compare the cost-effectiveness of the newly-proposed site to the less-expensive original site, PGPA stated that the relocation provides a number of advantages. Among those is being able to acquire more land at a significantly lower cost per acre. The total cost to purchase 4.77 acres on Apollo Drive in Upper Marlboro was \$1,500,000 (approximately \$314,466 per acre), while at the new site in Landover, the applicant will purchase 14.4159 acres for \$2.25 million (about \$156,078 per acre).

In justification of selecting a higher-cost site, the applicant lists the following advantages associated with the alternative site in Landover (DI #20):

1. Proximity to Interstate 495 and 95, providing easier access to family, staff, and visitors as well as to trucks and other commercial vehicles.
2. Allows consideration of a greater number of parking spaces for staff and visitors, and is within close proximity to a Metro stop.
3. Enhanced sight lines to wooded areas and a pond, improving the view and attractiveness of the facility for patients.
4. Design of the facility will include a larger courtyard, and the slope of the terrain will allow patients to have safer access to this courtyard from both floors of the facility.
5. While not affiliated, PGPA will be near Jericho Residences, a faith-based independent senior living community whose residents may avail themselves of the services offered by the new CCF.
6. The larger site allows better long term planning with regard to the future needs of the residents, staff, programs, and services.

While the total cost of the project increases with this modification, the applicant provides evidence that the proposed CCF will relocate to a larger site (14.4159 acres) that is lower in cost per acre (\$156,078 per acre) than the original Upper Marlboro location. The amenities with the new location will make the proposed CCF more attractive to patients, their families, and the staff of PGPA. Therefore, the location at Landover is the better alternative with regard to the size of the site and location of the proposed facility.

Staff cost analysis using the Marshall Valuation Service (MVS) found the projected cost to be well below the comparable MVS benchmark. The estimated costs were \$38.25/sq. ft. – 22.1%, below the MVS projection. Please see Appendix 4 for a more detailed explanation of MVS analysis and staff's MVS review of Prince George's Post Acute.

Thus, given the projected need for 357 additional nursing home beds in Prince George's County, the lack of competitive applications, the advantages offered by locating the proposed facility on a 14.4159 acre site in Landover, and the very reasonable cost of constructing the proposed facility, staff concludes that a more cost effective alternative is not available and the proposed construction of a 150 CCF bed nursing home is a cost-effective alternative for meeting the needs of the nursing home population in Prince George's County.

D. VIABILITY OF THE PROPOSAL

COMAR 10.24.01.08G(3)(d) Viability of the Proposal. The Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frames set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

Availability of Resources Necessary to Implement the Project

The total cost of constructing a two-story nursing home for 150 CCF beds is \$19,070,505, which includes \$14,387,419 for the construction of the nursing home, \$3,117,983 in other capital costs, \$508,780 in inflation, \$492,493 for interest, and \$563,830 in financing and other cash requirements.

PGPA will finance the project with a combination of \$1,970,505 in cash, and \$17.1 million from a mortgage loan. Table 4 below outlines the costs and sources of funds for the project.

**Table 4: Project Budget Estimate –
Uses and Sources of Funds**

A. Uses of Funds	Nursing Facility
<i>New Construction</i>	
Building	10,407,176
Land Purchase	2,250,000
Site Preparation	772,655
Architect/Engineering Fees	782,588
Permits	175,000
Subtotal	14,387,419
<i>Other Capital Costs</i>	
Major Movable Equipment	1,066,891
Minor Movable Equipment	933,109
Contingencies	1,117,983
Subtotal	3,117,983
Total Current Capital Costs	17,505,402
<i>Non Current Capital Costs</i>	
Inflation	508,780
Interest	492,493
Total-Proposed Capital Costs	18,506,675
<i>Financial and Other Cash Requirements</i>	
Loan Placement Fee	503,830
Legal Fees (CON related)	40,000
CON Application Assistance	20,000
Subtotal	563,830
Total Uses of Funds	\$19,070,505

B Sources of Funds	Nursing Facility
Cash	1,970,505
Mortgage	17,100,000
Total Sources of Funds	\$19,070,505

Source: Modification to CON application. (DI #20)

The applicant submitted a number of letters in the original CON submission regarding PGPA and FutureCare's ability to obtain financing through a mortgage loan and the availability of cash for the equity contribution for the Upper Marlboro site, which was estimated at a total cost of \$17,160,552; the source of funds was \$1,660,552 in cash and a mortgage loan of \$15.1 million. With the relocation of the facility to Brightseat Road in Landover, the cost for the project is now \$19,070,505, an increase of \$1,909,953 or around 11.1% in project cost. While the source of funding for the project remains the same, the amount of cash equity increased to \$1,970,505, an increase of \$309,953, with the remaining balance funded by a \$17.1 million mortgage loan, an increase of \$1.6 million.

Kristen Whitworth, Senior Vice President at PNC Healthcare, submitted a letter stating that based on FutureCare's relationship with her institution regarding lines of credit and previous acquisition financing, that PNC Healthcare would have interest in financing the project. Mark Koppelman, CPA, attests that as an independent accountant and consultant for the developers of PGPA, that the applicant has sufficient liquidity and net worth to invest the equity for the proposed nursing home. (DI #3, Exhibits 7 & 8).

Bruce D. McLean, who currently is Vice President of Commercial Banking at Susquehanna Bank and formerly held a position as Senior Vice President in Corporate Banking at Mercantile Safe Deposit & Trust Company, has had a relationship with FutureCare and the Attmans since the mid 1990s. Mr. McLean submitted a letter on behalf of PGPA stating his personal knowledge of the applicant and their businesses, and provided an opinion that FutureCare and the Attmans have the financial resources and assets available to fulfill the equity contribution, and that Susquehanna Bank would be interested in providing the construction and acquisition financing for this project. (DI #9, Exhibit 6) The terms for the mortgage loan are expected to be 25 years with a 5 year call, at an interest rate of around 4% annually, with a debt service coverage ratio of 1.25 to 1. Mr. McLean's letter indicates that FutureCare and the Attmans have sufficient liquidity to provide the equity contribution and has an interest from a commercial bank regarding the mortgage loan to provide the source of funds for the construction of the 150 bed CCF in Upper Marlboro, Maryland.

Availability of Resources Necessary to Sustain the Project

a) Finances

The projected performance for PGPA is provided in Table 5 below.

**Table 5: Revenue and Expense Statement
Prince George's Post Acute**

	Projected Years		
	Year 1	Year 2	Year 3
Revenue			
Inpatient Services	8,228,648	16,258,236	16,504,851
Outpatient Services	0	0	0
Gross Patient Revenue	8,228,648	16,258,236	16,504,851
Allowance for Bad Debt	132,060	260,905	264,860
Contractual Allowance	0	0	0
Charity Care (includes contractual allowances/non-covered portions of bills for patients)	0	0	0
Net Patient Services Revenue	8,096,588	15,997,331	16,239,991
Other Operating Revenue	25,104	98,300	98,912
Net Operating Revenue	\$ 8,121,692	\$ 16,095,631	\$ 16,338,903
Expenses			
Salaries, Wages, Professional Fees (including benefits)	4,632,001	7,828,701	7,850,520
Contractual Services (anesthesia services)	1,178,349	1,848,002	1,848,334
Supplies	231,391	515,714	524,967
Other Expenses			
Pharmacy	441,809	748,492	749,104
Management Fee	480,000	1,020,000	1,128,000
Other Administration	336,832	471,414	467,209
Food	144,992	326,551	332,538
Utilities	169,178	308,383	314,037
Taxes/Property/Insurance	532,501	1,019,173	1,039,819
Rental of Facility	1,088,120	1,088,120	1,088,120
Equipment Rental/Repairs & Maint	127,010	232,883	236,114
Lab, X-ray, Ambulance Services	120,069	215,857	215,857
Total Other Expenses	3,440,511	5,430,873	5,570,798
Total Operating Expenses	\$ 9,482,252	\$ 15,623,290	\$ 15,794,619
Income			
Income from Operation	-1,360,560	472,341	544,284
Net Income	\$ (1,360,560)	\$ 472,341	\$ 544,284

Source: DI #20, Exhibit 1

**Table 6: Projected Performance
Prince George's Post Acute**

	Year 1	Year 2	Year 3
Licensed Beds	93*	150	150
Admissions	387	542	518
Patient Days	21,803	49,105	50,005
Occupancy Percentage	64.4%	89.7%	91.3%
Medicare as Percent of PD	39.1%	29.7%	29.2%
Medicaid as Percent of PD	48.9%	63.6%	64.2%
Commercial Insurance as Percent of PD	4.9%	3.0%	2.9%
Self-Pay as Percent of PD	5.9%	3.0%	2.9%
Hospice as Percent of PD	1.3%	0.7%	0.7%
Gross Revenue/Pt. Day	\$377.41	\$331.09	\$330.06
Net Revenue/Pt. Day	\$372.50	\$327.78	\$326.75
Expense/Pt. Day	\$434.91	\$318.16	\$315.86
Operating Margin/Pt. Day	(\$62.40)	\$9.62	\$10.88

Source: DI #20, Exhibit 1

*Begin operations in first year of operation with 93 CCF beds

FutureCare's financial projections indicate that PGPA will become profitable by the second year of operation (first full year).

b) Staffing

The following table provides the total number of salaried and contractual employees that will staff the 150 CCF bed PGPA during the first full year of operation. The table also provides the cost of benefits for the salaried employees, which PGPA states is 28.8% of the total cost of the salaried employees.

**Table 7: Total Manpower
Prince George's Post Acute**

Position	# FTEs	Projected Salary
Administration		
Subtotal Employee	9.1	438,177
Subtotal Contractual		149,356
Direct Care		
Subtotal Employee	90.4	4,384,645
Subtotal Contractual		1,503,178
Support		
Subtotal Employee	37.0	1,272,025
Subtotal Contractual		195,800

with the first full year of operation are based on assumptions with respect to utilization, revenues, expenses, staffing, and payer mix that are within acceptable ranges. Thus, staff concludes that the applicant will have sufficient resources to sustain the operation of the new facility. Staff recommends a finding that the project is financially viable.

E. COMPLIANCE WITH CONDITIONS OF PREVIOUS CERTIFICATES OF NEED

COMAR 10.24.01.08G(3)(e) Compliance with Conditions of Previous Certificates of Need. An applicant shall demonstrate compliance with all terms and conditions of each previous Certificate of Need granted to the applicant, and with all commitments made that earned preferences in obtaining each previous Certificate of Need, or provide the Commission with a written notice and explanation as to why the conditions or commitments were not met.

On September 18, 2008, FutureCare Health and Management Corporation received CON approval to establish Point Lookout Nursing Center (“Point Lookout”), a 124-bed comprehensive care facility in St. Mary’s County, Maryland. On September 5, 2012, FutureCare submitted a letter to the Commission relinquishing this CON.

The applicant explained the withdrawal as a result from changing circumstances that arose during a delay in implementation which was attributed to an appeal by Lexington Park, LLC, d/b/a Chesapeake Shores and by St. Mary’s Nursing Center, Inc. Although FutureCare was successful in defending the CON approval all the way to the Court of Special Appeals, when they surveyed environmental conditions as they evolved in the period between 2008 and 2012, FutureCare decided to pull back from the project. Among the factors that led to this decision was the fact that FutureCare had in the intervening time acquired a number of CCFs in the Baltimore area and made investments that expanded the services offered to include a home health agency, the development of Pulse Medical Transport (an ambulance and medical transportation company), and the establishment of ventilator and dialysis services at a number of FutureCare facilities. Administratively, the distance of the proposed CCF in St. Mary’s County from other FutureCare operations in the Baltimore Metropolitan area made it a less attractive venture.

Other factors in their decision to withdraw included: the costs of developing, filling-up, and operating the new facility; the direction of Medicare and Medicaid reimbursement at that time; meeting MHCC’s regulations regarding the timing of new projects and the performance requirement standards; and the dramatic slowdown in the general economy during that period of time.

Prior to returning this CON, the Commission has no record of FutureCare obtaining a Certificate of Need relating to any of its existing nursing facilities. The MHCC’s records indicate that FutureCare acquired its facilities, and in accordance with Commission regulations at *COMAR 10.24.01.03, Non-Coverage by Certificate of Need Review Requirements*, complied with all regulatory requirements applicable to these acquisitions.

Based on this information, the applicant complies with this criterion.

F. IMPACT ON EXISTING PROVIDERS AND THE HEALTH CARE DELIVERY SYSTEM

COMAR 10.24.01.08G(3)(f) Impact on Existing Providers and the Health Care Delivery System. An applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the health planning region, including the impact on geographic and demographic access to services, on occupancy, on costs and charges of other providers, and on costs to the health care delivery system.

The MHCC's 2016 Projected Bed Need for Nursing Home Beds indicates that the total number of beds⁶ currently in inventory and operating in Prince George's County as of April 5, 2013 is 2,841 CCF beds. This includes the eighteen nursing homes and two CCRCs with 161 CCF beds that operated in this jurisdiction at a cumulative occupancy in excess of 90 percent from FY 2010 through FY 2012. While the MHCC has projected a need for 357 additional CCF beds in this jurisdiction by the year 2016, the PGPA proposal seeks only 150 CCF beds, leaving a balance of 207 beds.

Staff believes the establishment of a 150-bed CCF by PGPA will have a positive impact on residents seeking nursing home care in Prince George's County. The segment of the population age 65 years and over will increase from 81,513 in the year 2010 to over 121,394 people by 2020, an increase of 48.9%. Further breakdown indicates that the age group 75 – 84 years will increase by 10,239 (44.3%) and for 85 years and over by 3,641 (43.9%). Therefore, the increasing number of elderly residents in Prince George's County would support the need for increasing the number of providers offering nursing home services in this jurisdiction.

The addition of 150 CCF beds will only increase the total number of licensed beds in this jurisdiction by 5.3% (150 beds/2,841 beds). The utilization of the eighteen existing nursing homes and two CCRCs has exceeded 90% occupancy for the past three years. With this high utilization, staff does not expect this project to have a negative impact on the utilization, or the costs and charges at these existing nursing homes. The addition of these 150 CCF beds will attract residents from this jurisdiction who may otherwise have difficulty gaining access to comprehensive care services since existing nursing homes are at high utilization levels.

Therefore, staff believes the addition of these 150 nursing home beds will have a positive impact on the population in Prince George's County, and finds that the applicant complies with this standard.

⁶ These include licensed, waiver, and temporarily delicensed CCF beds.

II. SUMMARY AND STAFF RECOMMENDATION

Staff has analyzed the proposed project's compliance with the applicable State Health Plan and standards in COMAR 10.24.01.08.05A and B, and with the other Certificate of Need review criteria, COMAR 10.24.01.08G(3)(b)-(f).

Based on these findings, Staff recommends that the project be **APPROVED**, with the following two conditions:

- 1. At the time of first use review, Prince George's Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).*
- 2. Prior to first use review, FutureCare Health and Management Corporation shall provide the Commission with information demonstrating that PGPA has established collaborative relationships with other types of long term care providers in Prince George's County to assure that each resident has access to the entire long term care continuum, including, as appropriate, formal transfer and referral agreements.*

IN THE MATTER OF

PRINCE GEORGE'S
POST ACUTE, LLC

DOCKET NO. 13-16-2347

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BEFORE THE

MARYLAND HEALTH

CARE COMMISSION

FINAL ORDER

Based on Commission Staff's analysis and findings, it is this 17th day of April, 2014,
ORDERED that:

The application for Certificate of Need submitted by Prince George's Post Acute, LLC, to build a two-story comprehensive care facility with 150 beds operating at Lots 4 and 5, Brightseat Road in Landover, Prince George's County, Docket No. 13-16-2347, at an estimated cost of \$19,070,505, be **APPROVED**, subject to the following two conditions:

- 1. At the time of first use review, Prince George's Post Acute shall provide the Commission with a completed Memorandum of Understanding with the Maryland Medical Assistance Program agreeing to maintain the minimum proportion of Medicaid patient days required by Nursing Home Standard COMAR 10.24.08.05A(2).*
- 2. Prior to first use review, FutureCare Health and Management Corporation shall provide the Commission with information demonstrating that PGPA has established collaborative relationships with other types of long term care providers in Prince George's County to assure that each resident has access to the entire long term care continuum, including, as appropriate, formal transfer and referral agreements.*

MARYLAND HEALTH CARE COMMISSION

April 17, 2014

APPENDIX 1:

REVIEW OF THE RECORD

Docket Item #	Description	Date
1	Howard L. Sollins, Esquire, files a letter of intent (LOI) on behalf of Prince George's Post Acute, LLC ("PGPA") to establish a 150-bed facility in Prince George's County: MHCC staff acknowledges receipt of the LOI on August 8, 2013.	8/2/2013
2	PGPA submits clarification to the August 2, 2013 LOI with information regarding the ownership interests of Prince George's Post Acute, LLC, the entity that will operate the proposed nursing home and enter into a leasing arrangement with Prince George's Post Acute Real Estate, LLC, who will own the building and the bed rights.	10/3/2013
3	PGPA submits a Certificate of Need (CON) application seeking to establish a 150-bed comprehensive care facility in Prince George's County (Matter No. 13-16-2347).	10/4/2013
4	MHCC acknowledges receipt of this CON application by letter.	10/7/2013
5	Staff requests that the <i>Washington Times</i> publish notice of receipt of the CON application for Prince George's County.	10/7/2013
6	Staff requests that the <i>Maryland Register</i> publish notice of receipt of the CON application.	10/7/2013
7	Commission staff finds the CON application incomplete and requests additional information. Includes a copy of an email from staff acknowledging that the set of completeness questions was sent electronically to the applicant.	10/29/2013
8	PGPA requests extending the date for submission of responses to completeness questions from November 12 th to November 26 th . Staff acknowledges receipt of PGPA request on November 7 th and grants the extension of time for PGPA to submit responses to November 26 th .	11/6/2013
9	Commission receives responses to the October 29, 2013 request for additional information.	11/26/2013
10	Commission staff completes review of the responses to completeness questions from October 29 th and sends a second request seeking clarification to these responses prior to docketing the CON application.	12/13/2013
11	PGPA requests extending the date for submission of responses to the second set of completeness questions from January 2 nd to January 16, 2014. MHCC staff acknowledges receipt of this request by email and grants the extension of time for PGPA to submit responses to January 16 th .	12/27/2013

12	Commission receives responses to the December 13, 2013 request for additional information.	1/16/2014
13	Commission acknowledges receipt of PGPA's January 16, 2014 response and informed notification of docketing for the application in the <i>Maryland Register</i> effective February 7, 2014. While the application is docketed, staff requested that the applicant submit a revised Table 3, Revenue and Expenses – Entire Facility that is consistent with the costs of Salaries, Wages, and Professional Fees (including benefits) and for Contractual Services reported in the revised Table 6 submitted in the January 16 th response.	1/24/2014
14	Commission requests publication of notification for the formal start of review in the <i>Washington Times</i> .	1/24/2014
15	Commission requests publication of notification for the formal start of review in the <i>Maryland Register</i> .	1/24/2014
16	Staff sends a copy of the CON application to the Prince George's County Health Department for review and comment.	1/24/2014
17	Commission receives revised Table 3 as requested from January 24, 2014 docketing letter.	2/7/2014
18	The <i>Washington Times</i> sent confirmation that a Notice on the Formal Start of Review was published on February 28, 2014.	3/4/2014
19	Applicant's response to MHCC's inquiry regarding FutureCare Health and Management Corporation's decision to relinquish on September 5, 2012 the Point Lookout Nursing Center CON application, Docket No. 07-18-2201, which sought to establish a 124 bed CCF in St. Mary's County.	3/19/2014
20	PGPA submitted modification to the CON application requesting relocation of the 150-bed CCF from Upper Marlboro site to Lots 4 and 9, Brightseat Road in Landover, Prince George's County and a change in the total cost to construct the facility to \$19,070,505.	3/24/2014
21	MHCC notification on MHCC website of modification to PGPA CON application with the relocation to a new site at Lots 4 and 9, Brightseat Road in Landover, Prince George's County.	3/25/2014
22	Commission requests publication of notification of modification with the relocation of the proposed site for the 150 bed CCF in the <i>Washington Times</i> .	3/25/2014
23	PGPA response to staff questions regarding the relocation and change of site to Lots 4 and 9 on Brightseat Road, Landover, and the advantages/benefits with this new site.	3/31/2014
24	PGPA response to staff questions regarding the phase-in of CCF beds during year 1.	4/9/2014

APPENDIX 2:

OWNERSHIP INTEREST &

ORGANIZATIONAL CHART

OWNERSHIP INTERESTS⁷

1. Prince George's Post Acute

Mortgager/Landowner: Prince George's Post Acute Real Estate, LLC

Members: Gary L. Attman (33.33%)

LJSW RP 2013, LLC (66.67%)

Members: The Leonard J. Attman Revocable Trust (10%)
The Shellye Attman Gilden 2005 Trust (30%)
The Wende Attman Levitas 2005 Trust (30%)
The Jeffrey Attman 2005 Trust (30%)

Lessee/Operator: Prince George's Post Acute, LLC

Members: LJSW OPER 2013, LLC (66.67%)

Members: The Leonard J. Attman Revocable Trust (10%)
The Shellye Attman Gilden 2005 Trust (30%)
The Wende Attman Levitas 2005 Trust (30%)
Jeffrey Attman (30%)

Milo PG, LLC (33.33%)

Members: Gary L. Attman (10%)
Carlyn Alexandra Attman 2005 Trust (45%)
Sarah Rose Attman 2005 Trust (45%)

2. FutureCare Health and Management Corporation

Gary Attman	25%
Leonard J. Attman	25%
Alvin M. Powers	25%
1986 Shellye A. Gilden Trust	8.34%
1986 Wende Attman Trust	8.33%
1986 Jeffrey Attman Trust	8.33%

⁷ The percentages may change among these individuals and entities.

FutureCare Owners Group A'

Leonard J. Adams, Gary L. Adams and Sylvia M. Powers (existing family limited partners and family limited life trusts); companies controlled by Leonard J. Adams or Sylvia M. Powers and trusts for the benefit of Leonard J. Adams or Sylvia M. Powers and their children.

[illegible]

Service Companies owned by FutureCare Owners Group A-
Each management company, contracts with FutureCare for Management Services and each entity contracts FutureCare Rehab for Rehab and Nurse Practitioner Services.

FutureCare Health and Management Corporation
Providers of Rehabilitation Services to each management company

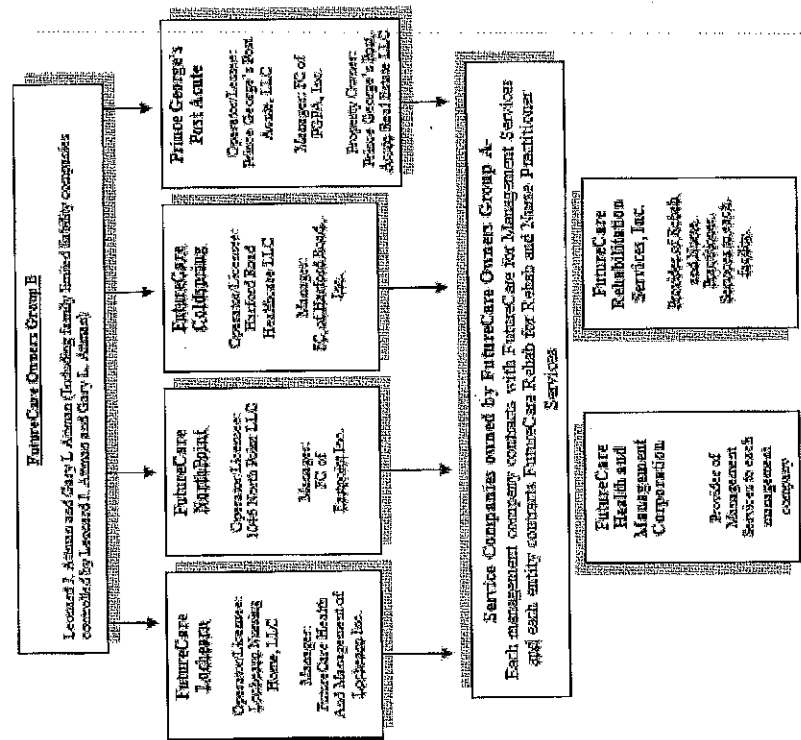
¹ The authors are grateful to Robert A. Merton for his valuable comments on an earlier draft of this manuscript. Comments by the referees are gratefully acknowledged.

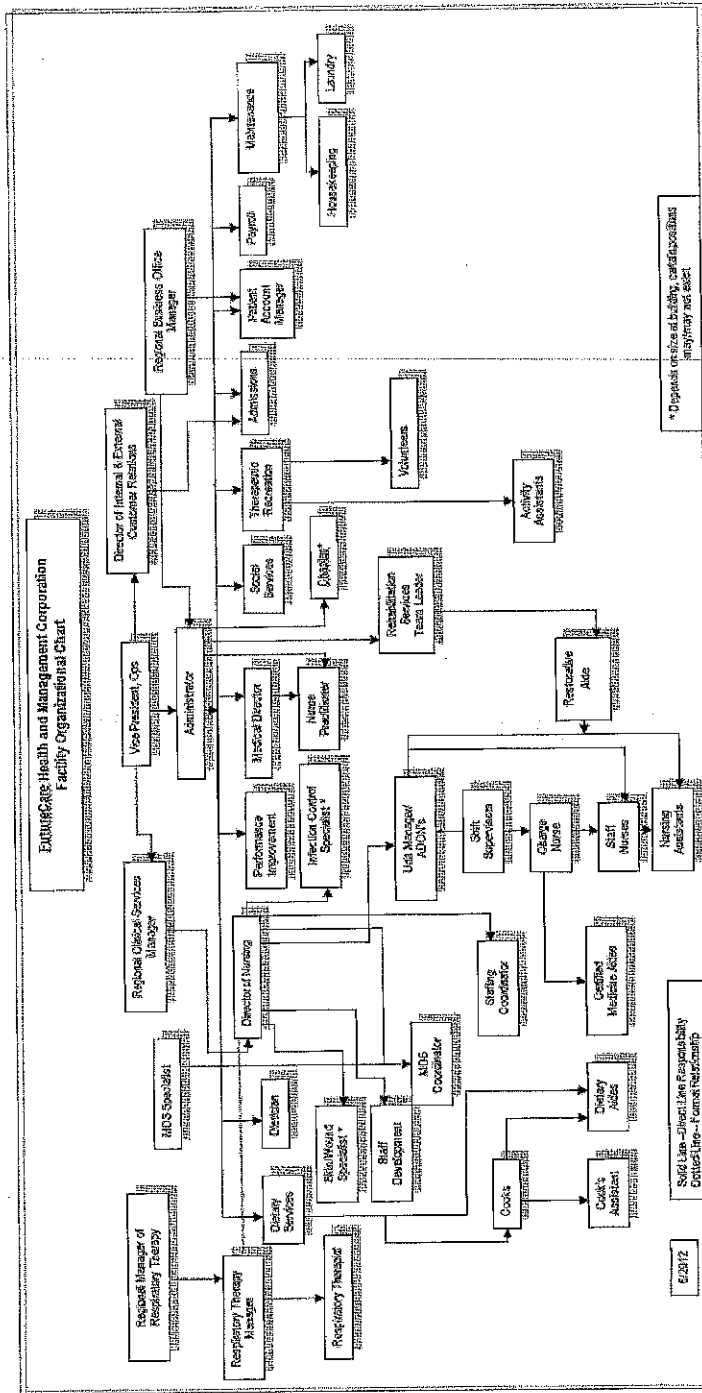
1870-1871

² During the period 1970-1974, the majority of women in the primary sector of the economy were in the textile industry.

Salary and One Half Amount (60%) of the remaining amount to the Church Nursing Home Limited Partnership as held within Successor Owners Group.

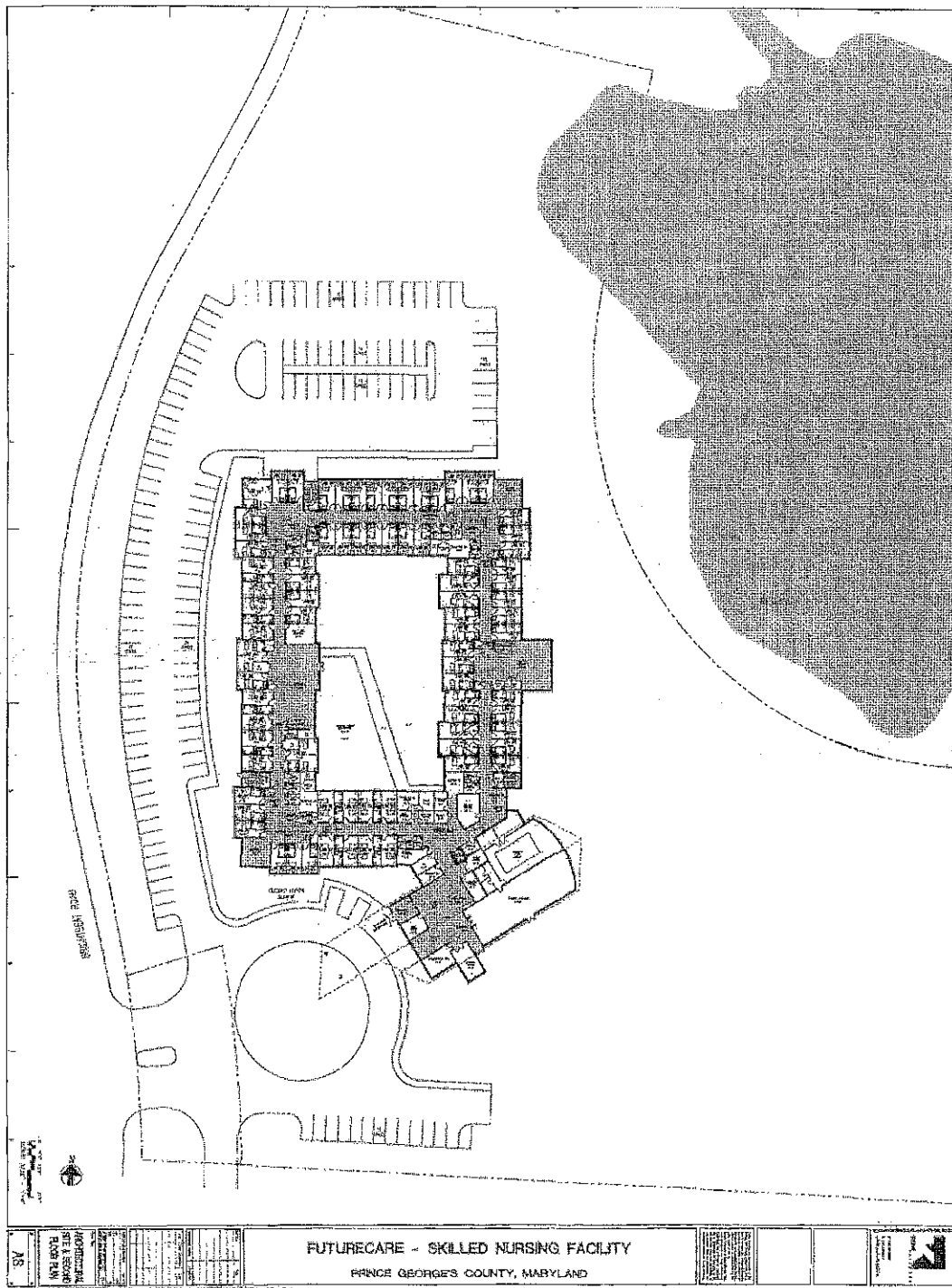
FUTURECARE ORGANIZATION CHART

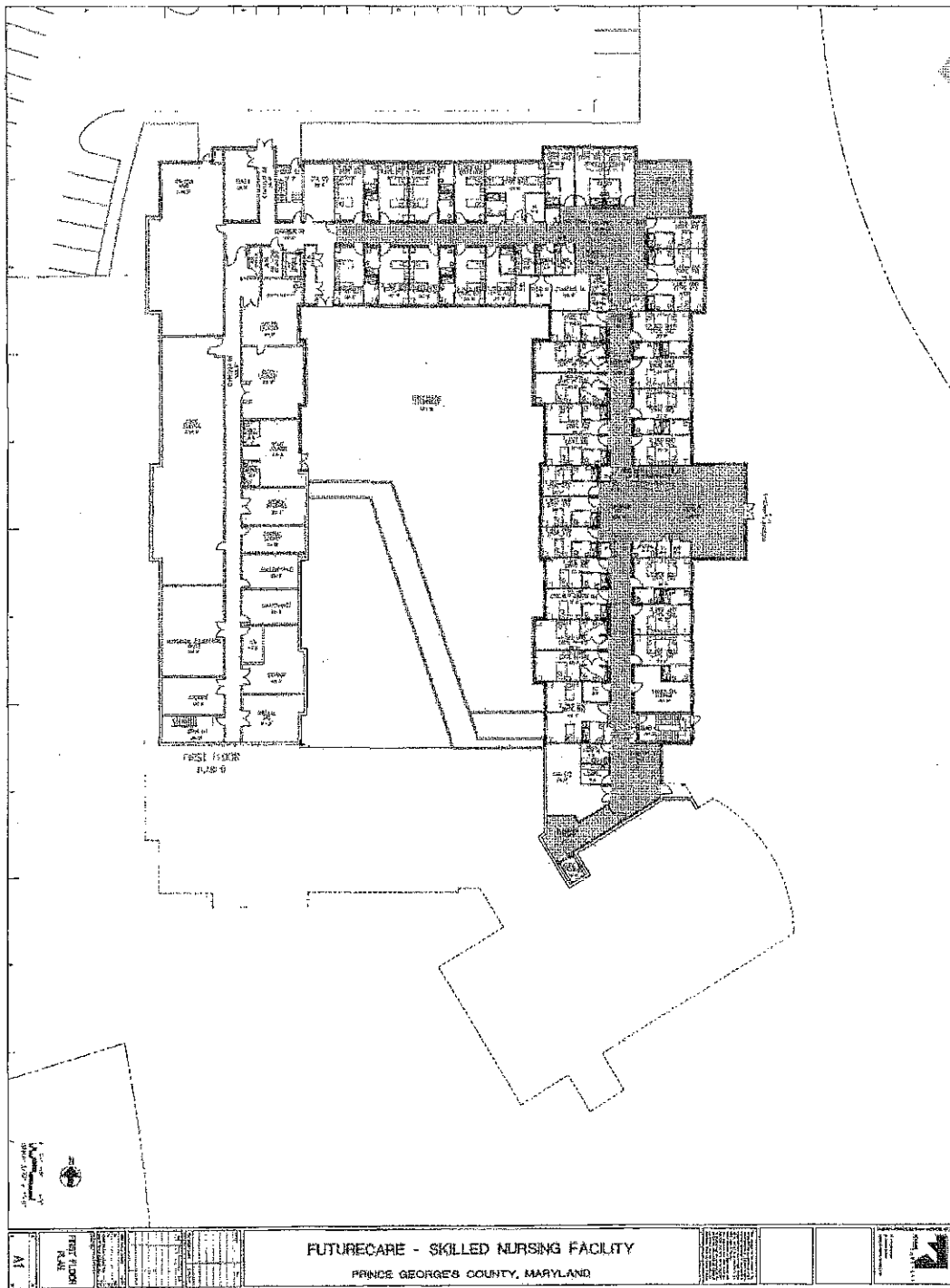


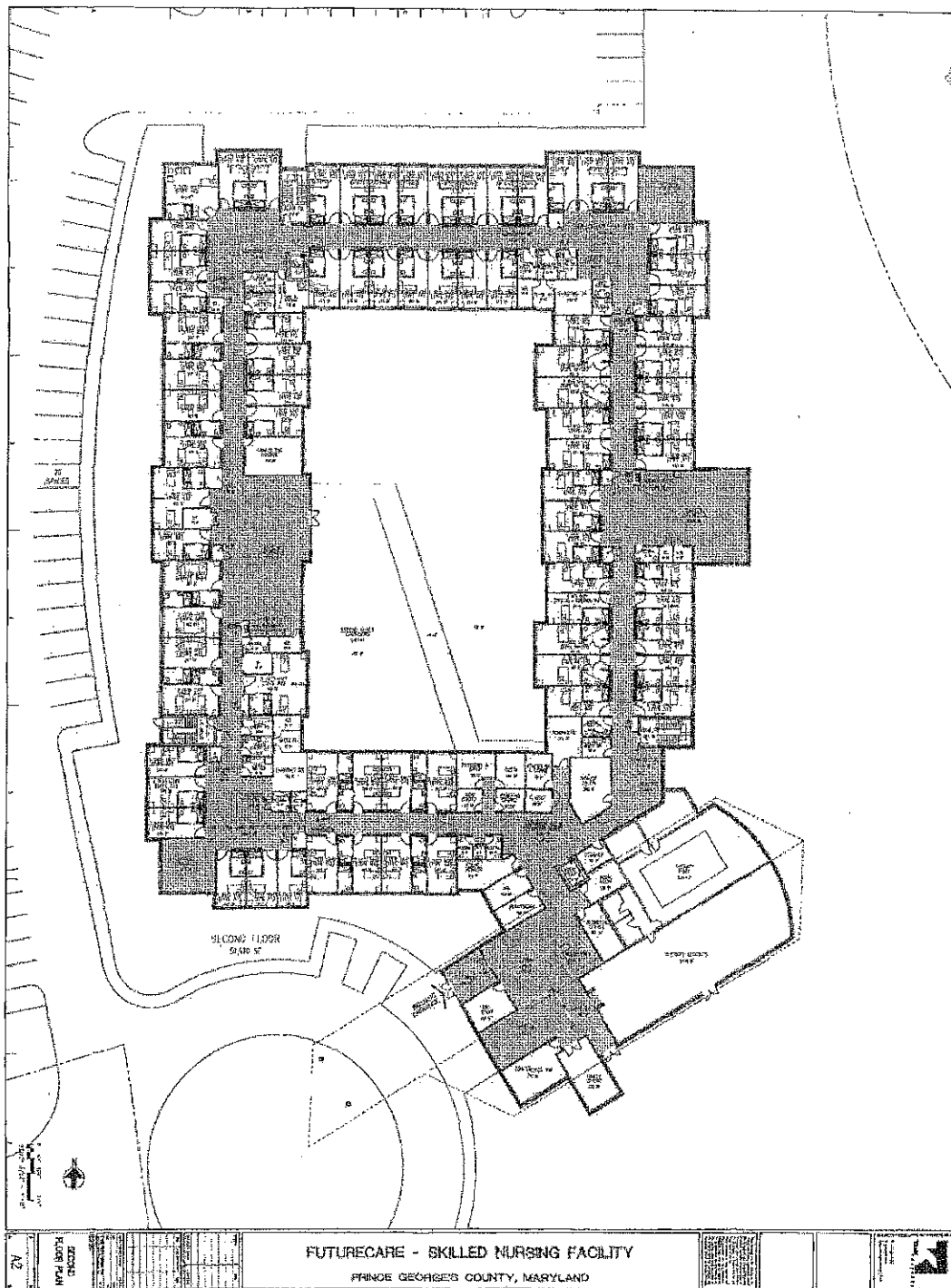


APPENDIX 3:

FLOOR PLAN







SPACE NAME AREA SECOND FLOOR 52,970 SF

SECOND FLOOR - UNIT TYPES & FLOOR AREA

SPACE NAME	AREA
1000 TEL CHG UNIT 2 - 51 626	22.87 SF
SECOND UNIT - 44 1036	10.55 SF

SPACE NAME	AREA
1350 TITAN CRANE LIFT 2 - 53 8625	20,287 SF
SMOKE LIFT " 44 14255	40,594 SF

SECOND FLOOR SKILLED UNIT - TYPES & AREAS		
NO.	SPACE NAME	AREA
1	1. UNO UNIT (TYPE A)	24.5 SF
2	1. TWO UNIT (TYPE A)	21.5 SF
3	1. TWO UNIT (TYPE A)	21.5 SF
4	1. TWO UNIT (TYPE A)	22.2 SF
5	1. TWO UNIT (TYPE A)	21.5 SF
6	1. TWO UNIT (TYPE A) - BATHROOM (RM)	11.414 SF

LINE	QUANTITY	UNIT	PRICE	TOTAL
14	2.00	EA	245.00	490.00
15	1.00	EA	435.00	435.00

[illegible]

No.	SPACE NAME	AREA
14	1 SHIP UNIT (TFF, A)	249.50

1	2	3
1 BED UNIT (TYPE A)		413 SF
1 BED UNIT (TYPE A)		271 SF
		4,383 SF

SECOND FLOOR TWO BED UNIT TYPES & AREAS -
LONGTERM CARE UNIT -2

LINE	SPACE NAME	AREA
1	2 BED UNCL (TYPE 80)	401 SQ

Run	Sample	Time (hr)	Yield (%)
1	2 H ₂ O UO ₂ (Type B)	307.58	4.66
2	2 H ₂ O UO ₂ (Type C)	307.58	3.07
3	2 H ₂ O UO ₂ (Type B)	307.58	4.76

NAME	GRADE NAME	AREA	GRADE NAME	AREA
ACME'S DR. & SERVICE	112 ST		SPR 03	201 ST

[illegible]

1	CEMEX VENTURE 2A	64.5F
2	CEMEX VENTURE 2B	63.5F
3	CEMEX VENTURE 2C	64.5F

SECOND FLOOR BUILDING PROGRAM & AREAS (Corridors & Areas Open to Corridor)		AREA
	BL.	FLOOR
1	1	2
2	2	2
3	3	2
4	4	2
5	5	2
6	6	2
7	7	2
8	8	2
9	9	2
10	10	2
11	11	2
12	12	2
13	13	2
14	14	2
15	15	2
16	16	2
17	17	2
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95	95	2
96	96	2
97	97	2
98	98	2
99	99	2
100	100	2

1	CONTRACTOR OF A REPAIRABLE LABOR	1,165 SF
2	CHASCOZ 03	3,411 SF
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1	W/E	75.5F	1	DOORWAY	58.5F
2	W/E	75.5F	2	W/STAIRS-1	58.5F
3	W/E & STAIRS	145.5F	3	W/STAIRS-2	145.5F
4	W/E & STAIRS	145.5F	4	STAIRS STATION 2	230.5F
5	W/E, STAIR, 2A	131.5F	5	STATION	510.5F
6	W/E, STAIR, 2B	81.5F	6	STATION	510.5F
7	STAIRS & STAIR	165.5F	7	STATION	510.5F
8	STAIRS & STAIR	165.5F	8	STATION	510.5F
9	STAIRS & STAIR	165.5F	9	STATION	510.5F
10	STAIRS & STAIR	165.5F	10	STATION	510.5F
11	STAIRS & STAIR	165.5F	11	STATION	510.5F
12	STAIRS & STAIR	165.5F	12	STATION	510.5F
13	STAIRS & STAIR	165.5F	13	STATION	510.5F
14	STAIRS & STAIR	165.5F	14	STATION	510.5F
15	STAIRS & STAIR	165.5F	15	STATION	510.5F
16	STAIRS & STAIR	165.5F	16	STATION	510.5F
17	STAIRS & STAIR	165.5F	17	STATION	510.5F
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21	STAIRS & STAIR	165.5F	21	STATION	510.5F
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31	STAIRS & STAIR	165.5F	31	STATION	510.5F
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33	STAIRS & STAIR	165.5F	33	STATION	510.5F
34	STAIRS & STAIR	165.5F	34	STATION	510.5F
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51	STAIRS & STAIR	165.5F	51	STATION	510.5F
52	STAIRS & STAIR	165.5F	52	STATION	510.5F
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57	STAIRS & STAIR	165.5F	57	STATION	510.5F
58	STAIRS & STAIR	165.5F	58	STATION	510.5F
59	STAIRS & STAIR	165.5F	59	STATION	510.5F
60	STAIRS & STAIR	165.5F	60	STATION	510.5F

1	SPZAL. WORKER	218 SF
2	REPAIR	56 SF
3	REPAIR	56 SF

1	50426 UNITED 24	63 SF
1	50427 UNITED 25	63 SF
1	50428 UNITED 26	63 SF
1	50429 UNITED 27	63 SF
1	50430 UNITED 28	63 SF
3	50431 UNITED 29	74 SF
3	50432 UNITED 30	74 SF
3	50433 UNITED 31	74 SF
3	50434 UNITED 32	74 SF
3	50435 UNITED 33	74 SF
3	50436 UNITED 34	74 SF
3	50437 UNITED 35	74 SF
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3	50501 UNITED 99	74 SF
3	50502 UNITED 100	74 SF

1	ST	20 SF
2	ST	11 SF
3	ST	18 SF

1	51	48 SF
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95	51	48 SF
96	51	48 SF
97	51	48 SF
98	51	48 SF
99	51	48 SF
100	51	48 SF

NO	OFFICE NAME	PREC
1	STAR 03	201 SF
TOTAL		
TOTAL		201 SF

1	SHOOLING	22
1	HEAVY FUEL	2,151 SF
1	HEAVY SERVICES	2,486 SF
1	WORK ROOM	196 SF
70		11,453 SF

SECOND FLOOR BUILDING PROGRAM & AREAS (Corridors & Areas Open to Corridor)		
LT	SPACE NAME	AREA
1	RENTAL SPACE 2A	413 sq
1	RENTAL SPACE 2B	413 sq
1	CORR & LOBBY 1	1,299 sq
1	RENTAL SPACE 1	1,016 sq

1	CONTRACT OF A FLEASHER LEASE	1,185 SF
2	CONTRACT OF A	3,411 SF

[illegible]

APPENDIX 4:
MARSHALL VALUATION SERVICE REVIEW –
PRINCE GEORGE’S POST ACUTE, LLC

Marshall Valuation Service Review

The Marshall Valuation System – what it is, how it works

In order to compare the cost of a proposed construction project to that of similar projects as part of a cost-effectiveness analysis, a benchmark cost is typically developed using the Marshall Valuation Service (“MVS”). MVS cost data includes the base cost per square foot for new construction by type and quality of construction for a wide variety of building uses including nursing homes.

The base cost reported in the MVS guide are based on the actual final costs to the owner and include all material and labor costs, contractor overhead and profit, average architect and engineering fees, nominal building permit costs, and processing fees or service charges and normal interest on building funds during construction. It also includes: normal site preparation costs including grading and excavation for foundations and backfill for the structure; and utilities from the plot line to the structure figured for typical setbacks.

The MVS costs do not include costs of buying or assembling land, pilling or hillside foundations (these can be priced separately), furnishings and fixtures not found in a general contract, general contingency set aside for some unknown future event such as anticipated labor and material cost increases. Also not included in the base MVS costs are site improvements such as signs, landscaping, paving, walls, and site lighting. Offsite costs such as roads, utilities, and jurisdictional hook-up fees are also excluded from the base costs.⁸

MVS allows staff to develop a benchmark cost using the relevant construction characteristics of the proposed project and the calculator section of the MVS guide.

In developing the MVS benchmark costs for a particular nursing home project the base costs are adjusted for a variety of factors using MVS adjustments such as including an add-on for sprinkler systems, the presence or absence of elevators, number of building stories, the height per story, and the shape of the building (the relationship of floor area to perimeter). The base cost is also adjusted to the latest month and the locality of the construction project.

Applying MVS to this project

Prince George’s Post Acute has designed a building that will consist primarily of steel stud bearing walls, with structural steel beams and columns where necessary to span large open spaces. The floor structure will utilize a steel joist system. Most of the roof will be hipped or gabled, consisting of fire-retardant wood trusses. The exterior materials will primarily consist of brick veneer (possibly stone veneer at the entrance), with some vinyl or cement board siding.

The interior finish materials will be selected as appropriate for the particular space/use, and include: painted drywall, acoustical ceiling panels, carpet, carpet tile, sheet vinyl, vinyl plank, vinyl composition tile, ceramic tile, wall protection, and vinyl wall coverings.

⁸ Marshall Valuation Service Guidelines, Section 1, p. 3 (January 2014).

Based on this information Prince George's Post Acute classified the construction as Class D, Good quality. The following table presents staff's calculation of a benchmark cost per square foot for a comparable building in terms of class, quality, size, perimeter, and wall height using the MVS guidelines.

**MVS Construction Cost Analysis
Proposed Cost for Prince George's Post Acute**

	Prince George's Post Acute
Class	Class D
Type	Good
Square Footage	87,700.0
Perimeter (ft)	3,329.0
Wall Height (ft) (Avg)	11.17
Stories	2.0
Average Area Per Floor	43,850.0
Average Perimeter	1,664.5
Net Base Cost (section 15, p. 26, November 2013)	171.7
Elevator Add-on (section 15, p. 36, November 2013)	\$ 1.42
Adjusted Base Cost	\$ 173.12
Perimeter Multiplier	0.945
Height Multiplier	0.981
Multi-story Multiplier	1
Combined Multiplier	0.927
Refined Base Square Foot Cost	\$ 160.43
Sprinkler Add-on	\$ 2.91
Final Base Cost Per Square Foot	\$ 163.34
Current Cost Modifier (section 99, p. 3, March 2014)	1.02
Local Multiplier – Silver Spring (section 99, p. 8, January 2014)	1.04
CC & Local Multipliers	1.0608
MVS Building Cost Per Square Foot	\$ 173.27

Source: DI #20, Exhibit 1 and MHCC Staff Analysis.

The comparison of the MVS benchmark cost per square foot to the estimated costs of the proposed project are detailed in the following table.

**MVS Construction Cost Analysis
Proposed Cost For Prince George's Post Acute**

Prince George's Post Acute	
Project Budget Item	Class D
Building	10,407,176
Normal Site Prep.	772,655
Arch./Eng. Fees	782,588
Permits	175,000
<i>Subtotal</i>	12,137,419
Construction Int & Fin Fees	618,604
<i>Total Project Costs</i>	\$12,756,023
Total Adjustments	
Storm Drains	104,850
Rough Grading	102,500
Sediment & Erosion Control	76,834
Therapy Pool	55,000
Site Improvements	37,500
Landscaping	77,000
Roads	261,691
Jurisdictional Hook-up Fees	100,000
Signs	25,000
Canopy	75,000
<i>Total Adjustments</i>	915,375
Project Costs for MVS Comparison	\$11,840,648
Square Footage	87,700
Cost Per Square Ft.	\$ 135.01
Adjusted MVS Cost/Square Foot	\$ 173.27
Over(Under)	\$ (38.25)

Source: DI #20, Exhibit 1 and MHCC Staff Analysis

Staff calculates the PGPA's estimated construction cost to be \$38.25 per square foot, or about 22.1%, below the Marshall Valuation Service benchmark for the proposed project.

APPENDIX 5:

CMS FIVE STAR QUALITY RATING SYTEM

Five-Star Quality Rating System⁹

CMS created the Five-Star Quality Rating System to help consumers, their families, and caregivers compare nursing homes more easily and to help identify areas about which you may want to ask questions.

The Nursing Home Compare Web site now features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

- **Health Inspections** – The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by individuals who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 200,000 onsite reviews are used in the health inspection scoring nationally.
- **Staffing** – The staffing rating has information about the number of hours of care on average provided to each resident each day by nursing staff. This rating considers differences in the level of need of care of residents in different nursing homes. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.
- **Quality Measures (QMs)** – The quality measure rating has information on 9 different physical and clinical measures for nursing home residents – for example, the prevalence of pressure sores or changes to resident's mobility. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system.

Caution: No rating system can address all the important consideration that go into a decision about which nursing home may be best for a particular person. Examples include the extent to which specialty care is provided (such as specialized rehabilitation or dementia care) or how easy it will be for family members to visit the nursing home resident. As such visits can improve both the resident's quality of life and quality of care, it may often be better to select a nursing home that is very close, compared to a higher rated nursing home that would be far away. Consumers should therefore use the Web site only together with other sources of information for the nursing homes (including a visit to the nursing home) and State or local organizations (such as local advocacy groups and the State Ombudsman program).

⁹ Available on CMS website at: <http://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/FSQRS.html>

Medicare.gov/Nursing Home Compare¹⁰

Strengths and limitations

The Five-Star rating system has strengths and limitations. Here are some things to consider as you compare nursing homes.

Health Inspection Results

Strengths:

Comprehensive: The nursing home health inspection process looks at all major aspects of care in a nursing home (about 180 different items).

Onsite Visits by Trained Inspectors: this is the only source of information that comes from a trained team of objective surveyors (inspectors) who visit each nursing home to check on the quality of care, inspect medical records, and talk with residents about their care.

Federal Quality Checks: Federal inspectors check on the state inspectors' work to make sure they are following the national process and that any differences between states stay within reasonable bounds.

Limitations:

Variation Among States: There are some differences in how different states carry out the inspection process, even though the standards are the same across the country.

Medicaid Program Differences: There are also differences in state licensing requirements that affect quality, and in state Medicaid programs that pay for much of the care in nursing homes.

Tip: The best comparisons are made by looking at nursing homes within the same state. You should be careful if you are trying to compare a nursing home in one state with a nursing home in another state.

Staffing

Strengths:

Overall Staffing: The quality ratings look at the overall number of staff compared to the number of residents and how many of the staff are trained nurses.

Adjusted for the Population: The ratings consider differences in how sick the nursing home residents are in each nursing home, since that will make a difference in how many staff are needed.

Limitations:

Self-Reported: The staffing data are self-reported by the nursing home, rather than collected and reported by an independent agency.

Snap-Shot in Time: Staffing data are reported just once a year and reflect staffing over a 2 week period of time.

¹⁰ Available on CMS website at: <http://www.medicare.gov/NursingHomeCompare/About/Strengths-and-Limitations.html>

Tip: Quality is generally better in nursing homes that have more staff who work directly with residents. It is important to ask nursing homes about their staff levels, the qualifications of their staff, and the rate at which staff leave and are replaced.

Quality Measures

Strengths:

In-Depth Look: The quality measures provide an important in-depth look at how well each nursing home performs on important aspects of care. For example, these measures show how well the nursing home helps people keep their ability to dress and eat, or how well the nursing home prevents and treats skin ulcers.

National Measures: The quality measures we use in the Five-Star rating are used in all nursing homes.

Limitations:

Self-Reported Data: The quality measures are self-reported by the nursing home, rather than collected and reported by an independent agency.

Just a Few Aspects of Care: The quality measures represent only a few of the many aspects of care that may be important to you.

Tip: Talk to the nursing home staff about these quality measures and ask what else they are doing to improve the care they give their residents. Think about the things that are most important to you and ask about them, especially if there are no quality measures that focus on your main concerns.

A technical manual containing additional information on the Five-Star Quality Rating System can be found on the CMS Web site.